



Oklahoma Ethics Commission

FY 2025 Budget Hearing Presentation

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Lee Anne Bruce Boone Director



The **Oklahoma Ethics Commission**, created in Article 29 of Oklahoma's Constitution, has the following constitutional responsibilities:

- Enact Ethics Laws for Campaigns for State Office, Initiative & Referenda;
- Investigate and prosecute violations of Ethics Rules; and
- Issue Binding Advisory Opinions Interpreting its Rules.

Founded in 1990, this agency now encompasses the following divisions: Administrative operations; technology; and political subdivision enforcement (established 2014, unfunded/unstaffed). The **Ethics Commission** also oversees **limited regulatory authority for political subdivision campaigns and financial disclosures**.

Agency Vision, Mission and Core Values

Vision: The Commission endeavors to increase the trust of citizens in their government by enacting and enforcing Rules that avoid conflicts between state officers and employees public duties and private economic interests, as well as ensuring fair and transparent campaigns for an informed citizenry.

Mission: The Oklahoma Ethics Commission is required to enact Ethics Rules of conduct for state officers, state employees, campaigns for elective state office, and campaigns for initiatives and referenda, including civil penalties for violations of the Rules. The Commission may also offer binding interpretations of its Rules. The Commission is required to investigate alleged violations of its Rules which it may prosecute in District Court or settle. The Commission has limited jurisdiction over conduct of campaigns and financial disclosure at the political subdivision level.

Core Values: The Commission strives to be a service-oriented Commission through responsive communications and providing transparency in state campaigns and state government to the regulated community, media, and citizens by providing fair Rules, immediate access to reports filed with the Commission, tailoring enforcement to the situations presented, interpreting Rules as necessary, and providing opportunities for education on the Ethics Rules as resources allow.



Accomplishments

Top accomplishments for FY 2023-24

- 1) Successfully investigated and prosecuted the first PAC formed outside of Oklahoma for failing to properly identify themselves as located out of state PAC on campaign materials and failing to report expenditures in Oklahoma as required.
- 2) Identified as 12th strongest State for Campaign Finance Regulators in terms of sufficient structural independence to perform duties and Oklahoma's strength of laws.
- 3) Transitioned to a new Director of the Commission.
- 4) Successfully reviewed over 5,000 campaign finance and/or lobbyist expenditure reports and provided report specific feedback to improve compliance with the Rules and increase transparency on campaigns and lobbyist expenditures.



Challenges

Top Challenges (current & upcoming years)

- 1) The hosting/maintenance vendor for The Guardian System has notified Commission of its intent to cease hosting/maintenance on July 1, 2024 *during the 2024 election cycle*. The Commission may have to request an emergency appropriation if we are unable to secure an executed addendum/amended agreement with Civix for a short term solution to ensure we do not have to return to paper filings. Long term, even if we are able to establish an agreement through February 2025, it is most likely that an RFP will need to be issued for its replacement shortly after the next election cycle in 2025.
- 2) Commission resources are insufficient to address current needs of its constitutional mission. Annual appropriations are at the lowest level in years, resulting in the inability to retain and hire key personnel, including a Director of Compliance. Further, the Commission's ability to raise revenue through fees is limited to a \$150,000 fee cap established in FY 20. Finally, with limited funding, Commission has been unable to provide much needed education in order to provide a proactive approach to reduce incidence of fee assessment, complaints and investigations.



Agency Goals and Key Performance Metrics

Goal		Metric	FY 22 Actuals	FY 23 Actuals	FY 24 Target	FY 29 Target
1	Candidate Committee Compliance Reviews	% Reviewed Quarterly for quarterly reporting % Reviewed by Election: Election Specific	50%	80%	80%	100
2	Lobbying Expenditure Report Compliance Review	Within 1 week of deadline	80%	100%	100%	100%
3	Campaign Finance: Non-Candidate Committees & Non-Oklahoma Committee Compliance Reviews	Same as #1	5%	5%	15%	30%
4	Regular Reporting Administrative Enforcement Campaign C&E Reports Finance & Lobbying Expenditure Late Filed Reports	% Action within 8-10 days following deadline	100%	100%	100%	100%
5	Registrations	% Review & Act w/n 5 days	100	100	100	100
6	Complaints and Investigations	90 days>: Prelim. Inv & 1 st Action by Commission	27%	46%	60%	80%
7	Journals	Daily: Business Day Updates	90%	90%	100%	100%
8						

Projects for FY 2024 - 2025

Projects

- 1) Identify and execute both short and long term solutions for continued campaign finance, lobbyist, and financial disclosure reporting for FY 25 due to software vendor notification of intention to cease hosting and maintenance of Guardian System.
- 2) Establish rapport with those Commission serves in effort to understand needs and better address funding needs of Commission to work towards incremental increases in appropriations.
- 3) Hire staff as appropriate and as appropriations allow.
- 4) Resume routine educational programs and explore re-development of *Diversions compliance program*.



Historic Actual Expenditures (FY 2019-23) and Current Year Budget (FY 2024)

Explanation of Significant Changes and Trends

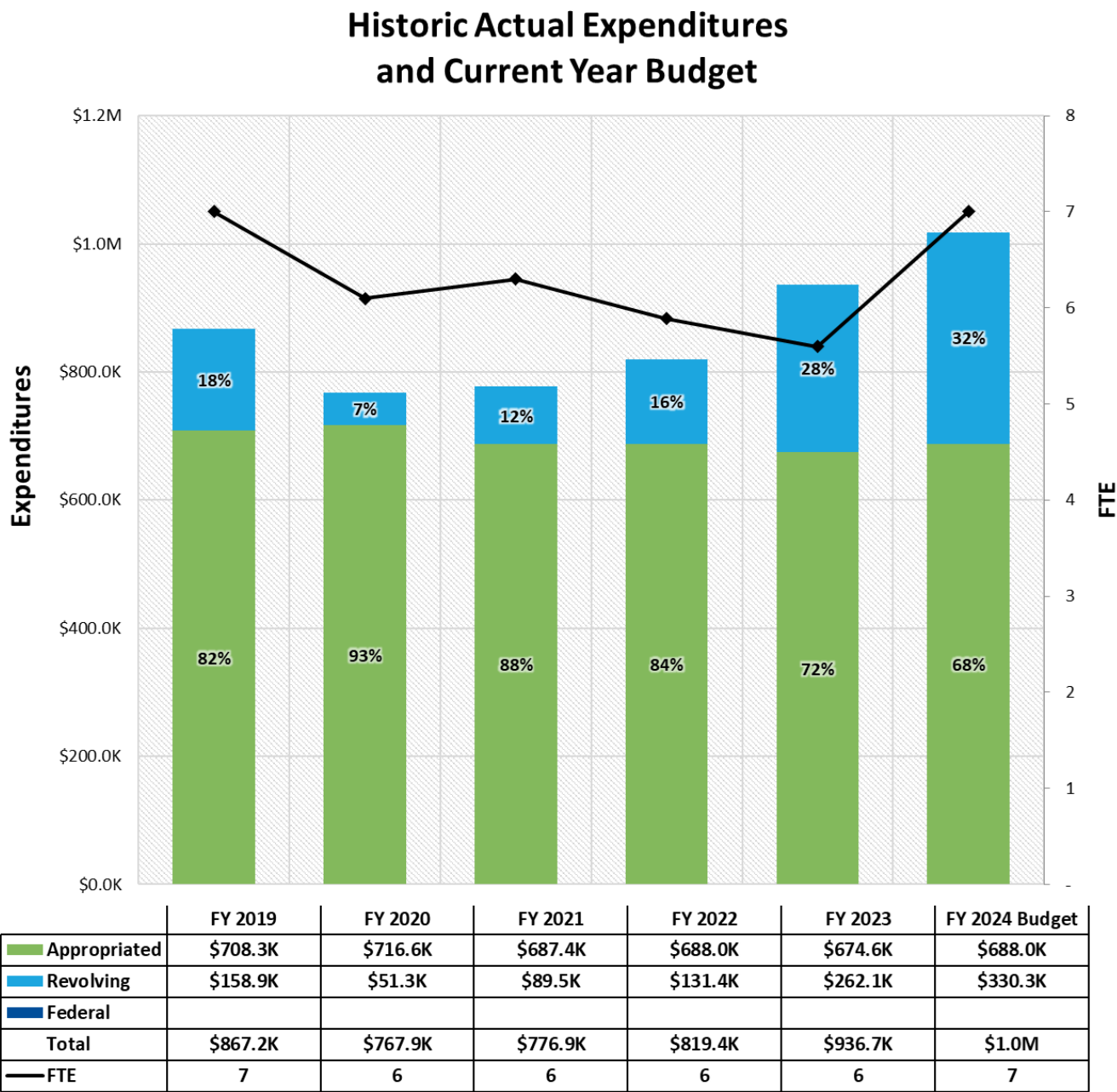
Carryover funding prohibited.

Commission’s appropriations have steadily decreased.

A statutory cap was implemented in FY 20 limiting the Commission to \$150,000 in fee revenue.

A 2nd statutory cap was implemented in FY 22 for information services expenditures.

Commission is unable to perform its mandatory duties, or protect against unexpected expenses at current funding levels.



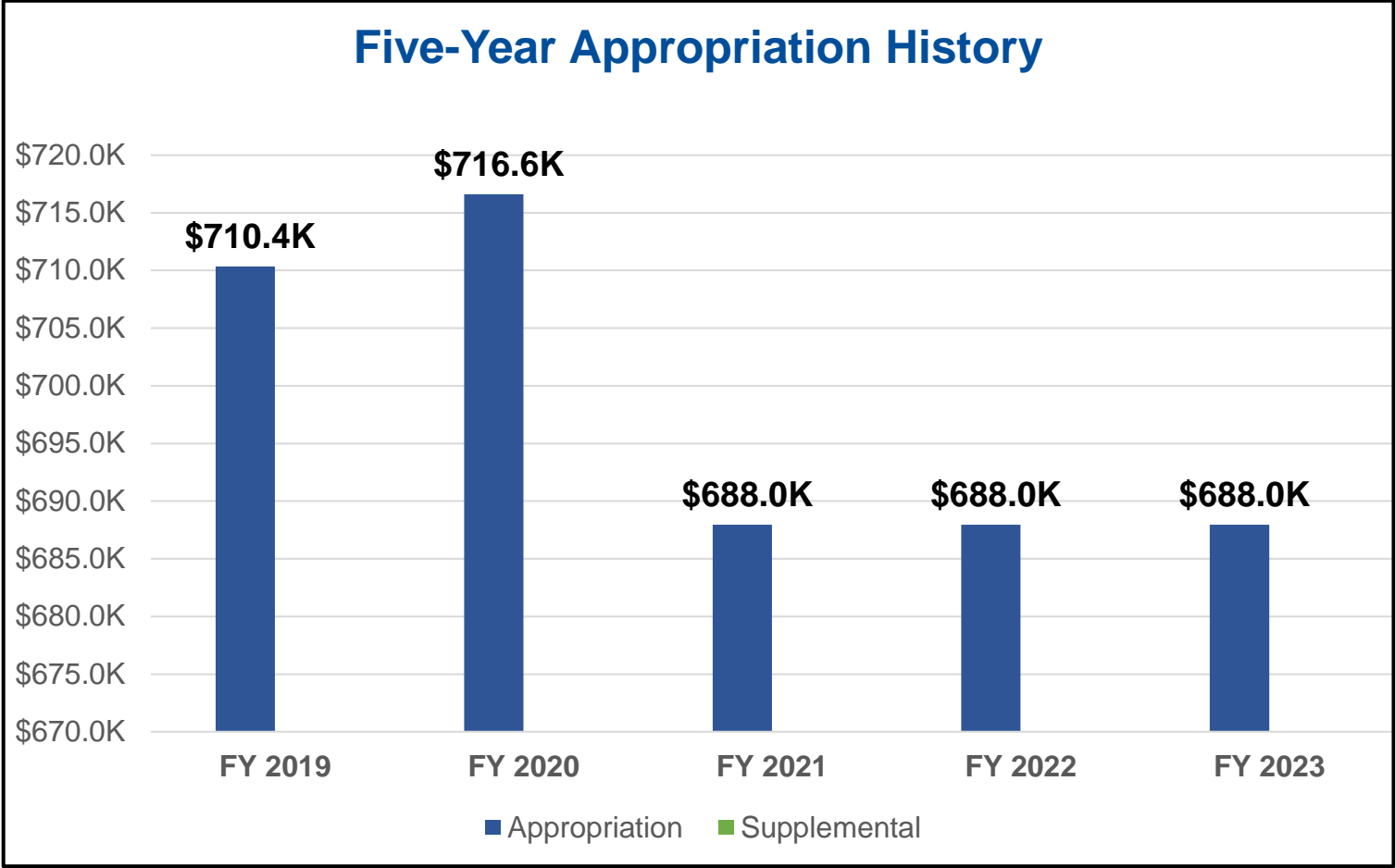


FY 2024 Budgeted Full Time Equivalents (FTE)

	FY 2024 Budgeted FTE
Total FTE	6
Supervisor FTE	2
Supervisors to Total FTE Ratio (%)	28%

Appropriation History

Fiscal Year	Legislated Appropriation (\$) <i>(Include supplemental if applicable.)</i>
FY 2020	\$716,621
FY 2021	\$687,957
FY 2022	\$687,957
FY 2023	\$687,957
FY 2024	\$687,957



Ethics Commission appropriations are pursuant to Const. Article 29, sec. 2 not Article 5, sec. 55 resulting in strict 12 month appropriations preventing flexibility and ability to respond to unexpected expenses.

Financial Resource Analysis

Carryover	FY 2020	FY 2021	FY 2022	FY 2023
Total appropriated carryover amount expended (\$)	n/a	n/a	n/a	n/a

Historical Cash Balances	FY 2020	FY 2021	FY 2022	FY 2023
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$340,581.05	\$585,458.04	\$585,458.04	608,318.04

Revolving Class Fund # <i>Unrestricted only</i>	Revolving Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)
200	Ethics Commission Revolving Fund	\$478,560.36
210	Political Subdivision Enforcement Fund	\$0
	Total Current Unrestricted Revolving Fund Cash balance:	\$478,560.36

Article 29, sec. 2 prevents carryover funding expenditures.

Fiscal Year	Agency’s plan to deploy unrestricted cash (including amounts):
FY 2024	Professional expenses (including attorney fees & costs) & personnel expenses
FY 2025	Same
FY 2026	Same

FY 2022 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2022				
N/A	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
Total adjustment	\$			

FY 2023 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2023				
N/A	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
Total adjustment	\$			

FY 2024 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2025 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
FY 2024				
n/a	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
Total adjustment	\$			

Budget & Supplemental Request Summary

Request Name		FY 2024 Appropriated Request Amount (\$) <i>{or FY 2023 for Supplementals}</i>	Type of Request: Operating, One-time, or Supplemental
1	Restoration of funding to FY 16	149,273	Operating
2	Software Solution	1,200,000	One-Time
3	2 Compliance Personnel: Director of Compliance and Compliance Officer	177,400	Operating
4	Fund the Political Subdivision Enforcement Account	150,000	One-Time
5			



(1) Restore Appropriation Levels

FY 25 Appropriation	
Type: Operating	\$149,273
Base appropriation to return Commission to FY 16 levels, allowing for staffing sufficient to respond timely and provide education on routine basis.	



(2) Software Solution

Type: One Time

\$1,200,000

The hosting/maintenance vendor for The Guardian System has notified Commission of its intent to cease hosting/maintenance on July 1, 2024 *during the 2024 election cycle*. The Commission critically needs funds to:

- 1) Develop and implement plans for accessing and preserving the data maintained with current vendor;
 - Initial filings
 - Amended filings
 - Access to filings
 - Open records and document retention issues
- 2) Develop and implement plans to accommodate campaign reporting and access to reports for the 2024 elections for filers, commission personnel, media, etc.;
 - Candidates, PACs, Party Committees, Non-Committees as reporting and data used to file pre-primary reports may not be available for the pre-runoff and pre-general election reporting—may need to manually input time period and aggregates as auto calculations may not be possible; amending reports may require all data to be re-entered instead of only the new information; successive reporting period adjustments will also be manual
- 3) Develop and implement plans for all other reporting entities: Lobbyists, financial disclosures, special committees, registration processes



(3) Compliance Personnel/Diversiónary Program

Director of Compliance and Compliance Officer	
Type: Operational	\$177,400
<p>The Commission will develop a “Diversiónary Program” to utilize in conjunction with resumption of educational programs and resources. This will increase the options available to the Commission to improve compliance with the Rules by permitting referral or voluntary participation in a “diversionary program” to address compliance issues. For example, for someone whose reporting indicates non-familiarity with the Rules that would result in a fee, they are provided a reduction or waiver of the fee if they complete an educational program.</p> <p>For the diversionary program to work, the Commission would fill the vacant Director of Compliance position to resume developing, maintaining and updating resource materials such as guides, checklists, annotated rules, and presenting frequent educational programs to the regulated community. The Commission would resume routine educational programs and regularly develop and update resource materials to assist the regulated communities.</p> <p>An additional compliance officer would be utilized to accommodate the diversionary program resource requirements without decreasing productivity of the compliance program.</p>	



(4) Fund Political Subdivision Enforcement

Political subdivision Enforcement Fund	
Type: One-time	\$150,000
<p>Created in 2014, the Political Subdivision Enforcement Fund was established to fund the Political Subdivision Campaign Finance Division the legislature created in 2014 which has never been staffed or funded. Political subdivisions file campaign reports locally based on the Ethics Rules requirements with the Commission provided discretion to enforce the Rules dependent on the funding level of this fund. Commission needs to be able to develop and implement basic information exchanges with political subdivisions to routinely access reports and administer the Political Subdivision Campaign Finance and Financial Disclosure Act.</p>	





Appendix

Education's Impact on Compliance

Since 2019, when the formal educational aspect of the Commission's work ended, the ultimate impact of a lack of professional education has increased the incidents of fee assessment, late filings and failure to file reports by the following percentages:

- Fee assessments + 18%
- Late Filings + 30%
- Failure to file + 189%



The State Campaign Finance Index 2022: Structure & Strength of Laws

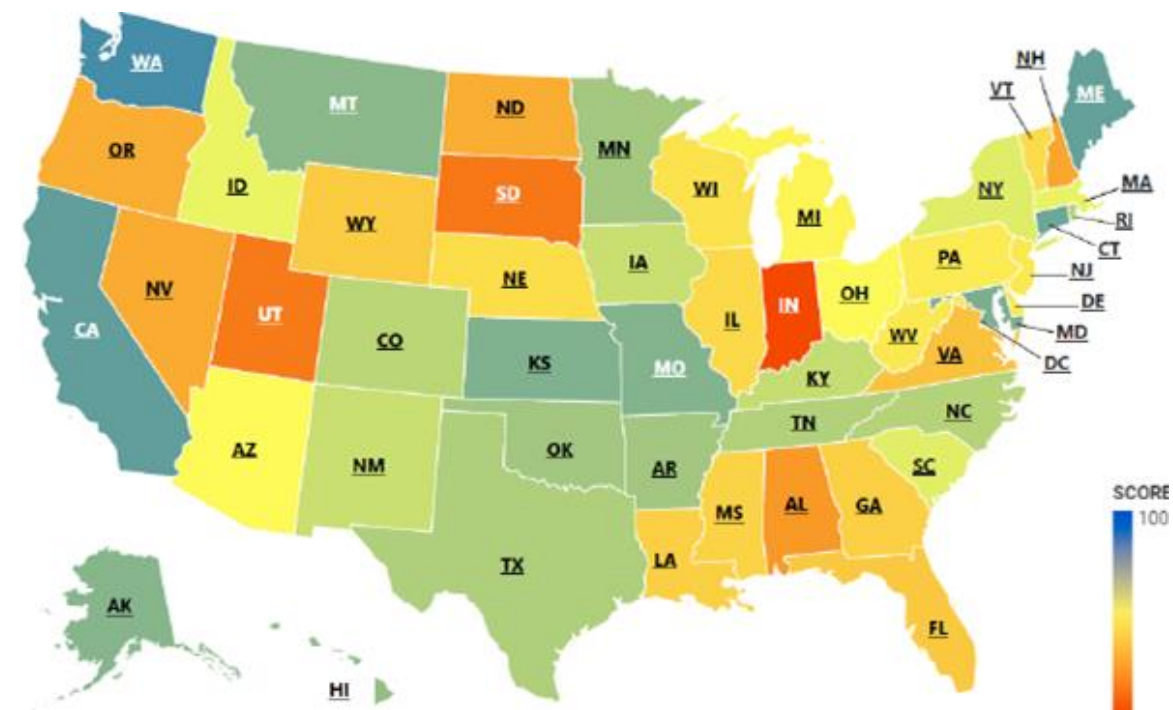
50 state comparison by Coalition for Public Integrity looking at Structure of Commission's with CF jurisdiction & substance of laws, but not at funding.

2022 ranking: 12

2020 ranking: 32

2018 ranking: 42

2022 STATE SCORES		
Rank	State	Score
1	Washington	83.99
2	California	80.95
3	Maine	80.48
4	Connecticut	79.52
5	District of Columbia	78.27
6	Maryland	78.04
7	Kansas	77.56
8	Missouri	77.14
9	Alaska	76.79
10	Montana	76.31
11	Hawaii	75.36
12	Oklahoma	73.87



13	Arkansas	73.81	26	Idaho	66.07	39	Georgia	57.56
14	Minnesota	73.69	27	Arizona	63.39	39	Louisiana	57.56
15	Texas	72.56	28	Ohio	63.33	41	Wyoming	56.73
16	Tennessee	72.14	29	Michigan	62.56	42	Florida	56.49
17	North Carolina	71.73	30	Pennsylvania	61.31	43	Virginia	55.48
18	Colorado	71.25	31	Delaware	61.19	44	North Dakota	52.74
18	Rhode Island	71.25	32	New Jersey	61.07	44	Oregon	52.74
20	Kentucky	70.06	33	West Virginia	60.89	46	Nevada	52.32
21	Iowa	69.64	34	Wisconsin	60.06	47	New Hampshire	51.73
21	New Mexico	69.64	35	Nebraska	59.52	48	Alabama	49.64
23	New York	67.32	36	Vermont	59.23	49	Utah	45.48
24	South Carolina	67.08	37	Illinois	58.81	50	South Dakota	45.06
25	Massachusetts	66.31	38	Mississippi	57.98	51	Indiana	38.33